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Notes on the cattle situation, presented before a conference  
called by the Secretary of Agriculture, August 13, 1956 \*

Background

Expected 1956 production of 27.6 billion pounds of meat is a new high, more than 25 percent above 1951 production.

Consumption per person at 162 pounds this year is 1 pound more than last year and only 1 pound below the record set in 1908. Consumption of beef is estimated at 83 pounds, 2 pounds more than last year and a new high.

Uptrend in meat production is coming to a halt. Second-half-1956 production will fall short of year earlier. The reduction will be in pork. Little change is expected from year ago in beef output.

1956 Cattle Slaughter Supply

The January 1, 1956 inventory of cattle and calves was up 873,000 head. The increase was made up of:

- Little change in cows
- About 600,000 fewer breeding heifers
- About 100,000 more heifers on feed
- About 275,000 more calves
- About 1,200,000 more steers

Such a buildup in young slaughter stock is unusual for the present stage of the cattle cycle. It resulted from several special factors and will not be repeated this year.

Total supply of young slaughter stock is increased further by the 271,000 more calves estimated as being born this year, to about 1,850,000 head above last year. Out of this supply, steer slaughter through June was up 19 percent from 1955 while heifer and calf slaughter was unchanged, amounting to an increase of about 1,000,000 head slaughtered. This leaves close to 850,000 more for slaughter in the second half of 1956 than 1955 or for addition to inventories. The prospect is for most of these to be slaughtered, with few held at the end of the year.

Weights of slaughter cattle will be lighter this fall than last, making it possible that beef output may be about the same even though more head are slaughtered.

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\* By Harold F. Breimyer, Agricultural Marketing Service, U. S. Department of Agriculture.

### Prices

Prices of fed cattle in early August were above a year earlier. Prices of feeder stock had increased during July but were still a little below the previous year. Demand for feeder cattle this fall is expected to be strong, because prospects for feed crops are good and because there is active interest in feeding as a means of adding weight and grade to cattle and thus increasing income received. But feeders, after earning low profits last winter, will probably buy on a wider feeder-fed steer price differential this fall than last. Feeder prices probably will not equal last year's prices in the near future, but could do so later. They will be influenced not only by any changes in prices of fed cattle but also by weather conditions in both range areas and the Corn Belt yet this summer.

### Summary

1. Big supply of cattle for market this fall--850,000 more than last year.
2. Rate of marketing cattle is generally being speeded this year compared with last year when there was a holding action. Fewer cattle on feed but movements into and out of lots are faster than last year. Thus most of the extra supply of cattle is likely to go to slaughter with few held as addition to inventories at year's end.
3. Because weights lighter, more cattle slaughter may mean about same quantity of beef produced.
4. Demand for feeder cattle helped by rise in fed cattle prices and large feed crop harvest. But following last season's experience feeders will be cautious buyers. Some seasonal price declines likely. Prices not expected to drop as much as in 1953, but may not regain 1955 levels until later in the year.





